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VIA E-MAIL: regs.comments@federalreserve.gov

September 13, 2006

Jennifer J. Johnson
Secretary of the Board
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Re: Regulation D; Docket No. R-1262

Dear Ms. Johnson:

As one of the nation's leading corporate credit unions, Members United Corporate Federal Credit Union (Members United) is pleased to provide comments to the Board's proposal to amend its published interpretation of Regulation D, Reserve Requirements of Depository Institutions, relating to bankers' banks, 12 C.F.R. Sec. 204.121, 71 *Fed. Reg.* 46411 (August 14, 2006).

The Board is proposing revisions to its interpretation of Regulation D regarding the "bankers' bank" exemption from reserve requirements. The proposed revisions would authorize the Board to determine, on a case-by-case basis, prospective new customers with which the bankers' bank may do business, consistent with the purposes of the bankers' bank exception.

Members United currently qualifies as a bankers' bank as it is organized solely to do business with financial institutions, is owned primarily by the financial institutions with which it does business and does not do business with the general public.

Members United supports the proposed revisions. We believe the Board's proposal would allow for the healthy evolution of the financial services industry as it relates to bankers' banks. In addition, Members United believes the proposed revisions have the potential to provide benefits to bankers' banks in the way of flexibility and increase services to the financial community.

In addition, Members United believes the Board should consider increasing the percentages that apply to the amount of business a bankers' bank may engage in with non-depository institutions. This activity is currently limited to 10 percent of assets for loans to or investments in permissible non-depository institutions and 10 percent of total liabilities when accepting deposits or shares from such institutions. Members United believes consideration should be given to increasing these limits to 25 percent, the limit on permissible ownership by non-depository institutions. This would make the requirement uniform across all three categories and would simplify compliance issues by providing flexibility to bankers' banks. Without an increase, bankers' banks may not be in a position to take full advantage of the Board's proposal due to the fact they may not have sufficient capacity to make additional loans and investments or accept additional deposits.

Members United thanks the Board for the opportunity to share its views on the interpretation of Regulation D. If you have any questions regarding our comments or would like to visit further regarding this matter, please contact us at (800) 782-2431.

Respectfully,

A handwritten signature in black ink, appearing to be 'LH' followed by a long horizontal line.

Larry Harmon
Chief Risk Officer

Enclosure

CC: Mike Canning, Executive Director, ACCU
Mike Carter, Compliance Education Specialist, NYSCUL
Leadership Team, Members United Corporate Federal Credit Union